



# Housing Ordinance “Phase 2” Update

Northfield  
Planning Commission  
April 17, 2025

# Agenda

- Background
- Timeline of “Phase 2” Rental Ordinance Changes
- 20% Rental Restriction
- Short Term Rentals



# Background

- Housing Studies
  - Enterprise (2022)
  - Maxfield (2024)
- 2021-2024 Strategic Plan
  - Rehabilitation of existing homes
  - **Rental Housing Ordinances “Phase 1”**
    - Nuisance/property maintenance
  - **Rental Housing Ordinances “Phase 2”**
    - Short Term Rental Ordinance
    - 20% Restriction Revisited
    - HRA moved to support both staff recommended motions on March 6, 2025



# Timelines



Short Term  
Rental  
Ordinance

HRA March 6



**PC March 20 (Public Hearing)**



EDA March 24

PC April 17 (recommendation)

20%  
Restriction

HRA March 6



**PC March 20**



EDA March 24

PC April 17 (recommendation)



March – June  
2025

- **Short-term rental license ordinance**
- **20% limitation revisions**

May to  
August 2025

- Tenant protections
- Inclusionary zoning

Spring 2025 –  
Winter 2026

- Zoning code revisited
- HRA-facilitated production



# Comprehensive Plan Decision Making



## **Guiding Value: Promote Safe and Stable Housing**

- ... affirmatively further fair housing?
- ... ensure all housing is safe and secure in all weather conditions?
- ... address housing conditions and/or increase the supply, variety and affordability of housing types needed?
- ... promote inclusive neighborhoods?



# Addressing Short-Term Rentals

# Current State of Short-Term Rentals



- Residential properties rented using a 3rd-party booking site
- For fewer than 30 days at a time
- Currently **unlicensed** and **uninspected**
- Subject to statewide lodging sales tax
- **Not subject** to existing Northfield 3% lodging sales tax
- May be operated by absent property owners
- May be owned by multi-national/corporate owners
- ~35 listed on a 3<sup>rd</sup> party site in Northfield



# What does this look like to the owner?

- AirBnb lists an **Occupancy Tax** – a **sales tax**
- Northfield established a **3% lodging tax** to fund the **Convention and Visitors Bureau**  
Without registering these units, the CVB can not receive the tax.

## Guest paid

\$79.00 x 4 nights	\$316.00
Cleaning fee	\$15.00
Guest service fee	\$46.73
Occupancy taxes	\$24.41
<b>Total (USD)</b>	<b>\$402.14</b>

Example from the host side of a third-party booking site showing what is included in the payment.

# What does this look like to the purchaser?



Guildside Loft  
Entire rental unit  
★ 5.00 (31 reviews)

## Taxes

- Taxes on accommodation such as Occupancy Tax, VAT, or GST. May also include tourism fees.
- \$10.38 General Sales and Use Tax (Minnesota)
- \$0.76 Transit Sales and Use Tax (Rice)

[Learn more](#)

\$172.32

\$11.14

\$183.46

[Price breakdown](#)

## Before registration

- AirBnb lists the taxes that apply. This Northfield listing shows what is captured in the total collected from the “guest.”
- Without registering these units, the CVB can not collect the related tax.



[Edit](#)

[Edit](#)



3rd Floor Apartment in The Historic Stahl House  
 Entire rental unit  
 ★ 4.82 (232 reviews) • Superhost

### Your total

\$119.82 x 1 night	\$119.82
Taxes	\$11.42

\$131.24

[Price breakdown](#)

×

### Taxes

- Taxes on accommodation such as Occupancy Tax, VAT, or GST. May also include tourism fees.
- \$3.15 Lodging Tax (Mankato)
- \$0.52 Local Sales and Use Tax (Mankato)
- \$7.22 General Sales and Use Tax (Minnesota)
- \$0.53 Transit Sales and Use Tax (Blue Earth)

[Learn more](#)

## After registration

- Site will show a breakdown of taxes and fees that can include Northfield's **3% lodging tax**
- This example is from Mankato.



# Addressing short-term rentals



- **Staff recommendation:**

- Add definition to the city's code
- License identical to all residential rental properties
- Adopt appropriate standards and conditions
- Limit the number of short-term rental units per person or firm to 10

- **Benefits:**

- All rental units treated the same
- All rental units licensed
- Complaints can be addressed
- Convention and Visitor's Bureau receives lodging tax
- Limit non-local or corporate ownership



## **Staff Recommended Action**

**Pass a resolution recommending the staff recommended changes to the city code of ordinances**



# Addressing the 20% Limitation in R1 and R2 Zoning Areas

Legend

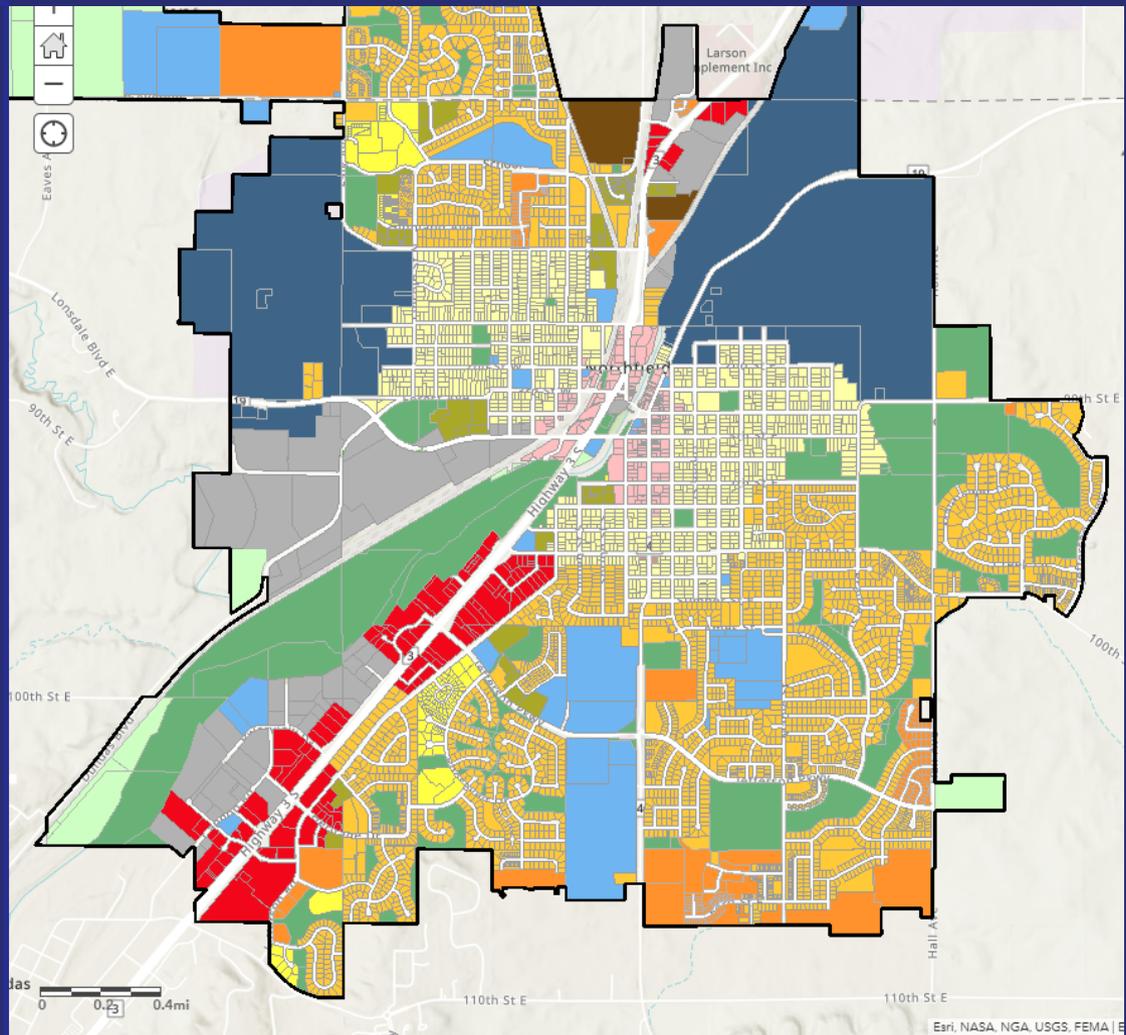
- PI-S: Public & Institutional
- PB-S: Public Benefit District

Dakota County HOA Parcels

- R1-B: Low Density Residential
- R2-B: Medium Density Residential
- R3-B: High Density Residential
- R4-B: Manufactured Home Park
- N1-B: Neighborhood General 1
- N2-B: Neighborhood General 2
- C1-B: Downtown
- C2-B: Highway Commercial
- I1-B: Industrial
- A-S: Agricultural
- CD-S: College Development
- PI-S: Public & Institutional
- PB-S: Public Benefit District

Rice County Parcels

- R1-B: Low Density Residential
- R2-B: Medium Density Residential
- R3-B: High Density Residential
- R4-B: Manufactured Home Park
- N1-B: Neighborhood General 1
- N2-B: Neighborhood General 2
- NC-F
- C1-B: Downtown
- C2-B: Highway Commercial
- I1-B: Industrial
- A-S: Agricultural
- CD-S: College Development
- PI-S: Public & Institutional
- PB-S: Public Benefit District



# Addressing the 20% limitation in R1 & R2 areas



- **Established in 2008 to address concerns:**
  - Off-campus student housing
  - Inattentive landlords
  - Nuisance acts and properties
  - Potential unsafe conditions
- **~1,460 lots in R1 & R2**
- **Includes 13 properties both homesteaded and licensed**
- **Today:**
  - Colleges rehabilitated and built more housing
  - Colleges allow minimal off-campus housing
  - Successful licensing and nuisance abatement program
  - Unlicensed homes rented
  - Homesteaded properties artificially limit availability



# Staff Recommendation



Remove limitation: Any property owner in R1/R2 (~1460) may apply for a license

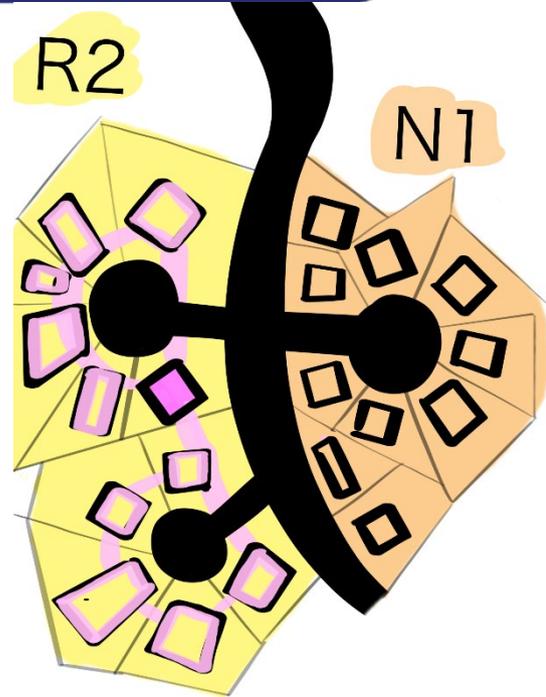
## **Impact**

- Increases safety for renters
- Increases housing availability
- Staff has time to address other issues
- Increases fee-based revenue
- May increase economic opportunity for existing property owners

# Where zones collide...



- One side of the street can be subject to the restriction while the other is not
- Cul-de-sacs create complications with interpretation



# Future Rental Housing “Phase 2” Ordinances

- Tenant protections
  - Source of income protections
- Inclusionary zoning ordinance





THE CITY OF  
**NORTHFIELD**  
MINNESOTA  
ESTD 1855



# Questions

**Melissa Hanson**

Housing Coordinator

[Melissa.Hanson@Northfieldmn.gov](mailto:Melissa.Hanson@Northfieldmn.gov)

**Jake Reilly**

Community Development Director

[Jake.Reilly@Northfieldmn.gov](mailto:Jake.Reilly@Northfieldmn.gov)

Emery John

Program Associate

[Emery.john@northfieldmn.gov](mailto:Emery.john@northfieldmn.gov)